

Senate Engrossed

State of Arizona  
Senate  
Forty-sixth Legislature  
First Regular Session  
2003

CHAPTER 3

**SENATE BILL 1066**

AN ACT

AMENDING SECTION 42-5010, ARIZONA REVISED STATUTES; RELATING TO PRIME  
CONTRACTOR TRANSACTION PRIVILEGE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-5010, Arizona Revised Statutes, is amended to  
3 read:

4 42-5010. Rates; distribution base

5 A. The tax imposed by this article is levied and shall be collected  
6 at the following rates:

7 1. Five per cent of the tax base as computed for the business of every  
8 person engaging or continuing in this state in the following business  
9 classifications described in article 2 of this chapter:

- 10 (a) Transporting classification.
- 11 (b) Utility UTILITIES classification.
- 12 (c) Telecommunications classification.
- 13 (d) Pipeline classification.
- 14 (e) Private car line classification.
- 15 (f) Publication classification.
- 16 (g) Job printing classification.
- 17 (h) Prime contracting classification.
- 18 (i) Owner builder sales classification.
- 19 (j) Amusement classification.
- 20 (k) Restaurant classification.
- 21 (l) Personal property rental classification.
- 22 (m) Retail classification.
- 23 (n) Membership camping classification.

24 2. Five and one-half per cent of the tax base as computed for the  
25 business of every person engaging or continuing in this state in the  
26 transient lodging classification described in section 42-5070.

27 3. Three and one-eighth per cent of the tax base as computed for the  
28 business of every person engaging or continuing in this state in the mining  
29 classification described in section 42-5072.

30 4. Zero per cent of the tax base as computed for the business of every  
31 person engaging or continuing in this state in the commercial lease  
32 classification described in section 42-5069.

33 B. Twenty per cent of the tax revenues collected at the rate  
34 prescribed by subsection A, paragraph 1 of this section from persons on  
35 account of engaging in business under the business classifications listed in  
36 subsection A, paragraph 1, subdivisions (a) through (i) of this section is  
37 designated as distribution base for purposes of section 42-5029.

38 C. Forty per cent of the tax revenues collected at the rate prescribed  
39 by subsection A, paragraph 1 of this section from persons on account of  
40 engaging in business under the business classifications listed in subsection  
41 A, paragraph 1, subdivisions (j) through (n) of this section is designated  
42 as distribution base for purposes of section 42-5029.

43 D. Thirty-two per cent of the tax revenues collected from persons on  
44 account of engaging in business under the business classification listed in

1 subsection A, paragraph 3 of this section is designated as distribution base  
2 for purposes of section 42-5029.

3 E. Fifty-three and one-third per cent of the tax revenues collected  
4 from persons on account of engaging in business under the business  
5 classifications listed in subsection A, paragraph 4 of this section is  
6 designated as distribution base for purposes of section 42-5029.

7 F. Fifty per cent of the tax revenues collected from persons on  
8 account of engaging in business under the business classification listed in  
9 subsection A, paragraph 2 of this section is designated as distribution base  
10 for purposes of section 42-5029.

11 G. In addition to the rates prescribed by subsection A of this  
12 section, if approved by the qualified electors voting at a statewide general  
13 election, an additional rate increment is imposed and shall be collected  
14 through June 30, 2021. The taxpayer shall pay taxes pursuant to this  
15 subsection at the same time and in the same manner as under subsection A of  
16 this section. The department shall separately account for the revenues  
17 collected with respect to the rates imposed pursuant to this subsection and  
18 the state treasurer shall distribute all of those revenues in the manner  
19 prescribed by section 42-5029, subsection E. The rates imposed pursuant to  
20 this subsection shall not be considered local revenues for purposes of  
21 article IX, section 21, Constitution of Arizona. The additional tax rate  
22 increment is levied at the rate of six-tenths of one per cent of the tax base  
23 of every person engaging or continuing in this state in a business  
24 classification listed in subsection A, paragraph 1 of this section.

25 H. ANY INCREASE IN THE RATE OF TAX THAT IS IMPOSED BY THIS CHAPTER AND  
26 THAT IS ENACTED BY THE LEGISLATURE OR BY A VOTE OF THE PEOPLE DOES NOT APPLY  
27 WITH RESPECT TO CONTRACTS ENTERED INTO BY PRIME CONTRACTORS OR PURSUANT TO  
28 WRITTEN BIDS MADE BY PRIME CONTRACTORS ON OR BEFORE THE EFFECTIVE DATE OF THE  
29 LEGISLATION OR THE DATE OF THE ELECTION ENACTING THE INCREASE. TO QUALIFY  
30 FOR THE EXEMPTION UNDER THIS SUBSECTION, THE PRIME CONTRACTOR MUST MAINTAIN  
31 SUFFICIENT DOCUMENTATION, IN A MANNER AND FORM PRESCRIBED BY THE DEPARTMENT,  
32 TO VERIFY THE DATE OF THE CONTRACT OR WRITTEN BID.

APPROVED BY THE GOVERNOR FEBRUARY 14, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE FEBRUARY 18, 2003.

Passed the House February 10, 2003

by the following vote: 55 Ayes,

1 Nays, 3 Not Voting

1 Vacancy

John Elake  
Speaker of the House

Norman L. Moore  
Chief Clerk of the House

Passed the Senate February 6, 2003

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Klu Bennett  
President of the Senate

Charmine Bullinger  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

11 day of February, 2003

at 12:00 o'clock P M.

Sandra Ramirez  
Secretary to the Governor

Approved this 14 day of

February, 2003,

at 9:40 o'clock A. M.

Jan Brewer  
Governor of Arizona

S.B. 1066

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 18 day of February, 2003,

at 3:11 o'clock P M.  
Janice K. Brewer  
Secretary of State